

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

STARRED QUESTION NO:109
ANSWERED ON:02.05.2016
Promotion of Steel Industry
Hari Shri G.;Raghavan Shri M. K.

Will the Minister of STEEL be pleased to state:

- (a) whether the Government is aware that the steel industry is struggling in the face of increased cheap steel imports, slow down in the domestic and global demand, if so, the details thereof and the reaction of the Government thereto;
- (b) whether most of the top steel companies in the country including public sector undertakings are incurring heavy losses, if so, the details thereof and the reasons therefor;
- (c) whether the Government proposes to provide a special package to bail out the steel industry, if so, the details thereof; and
- (d) the other steps taken/proposed to be taken by the Government for protection and promotion of the domestic steel industry?

Answer

THE MINISTER OF STEEL AND MINES (SHRI NARENDRA SINGH TOMAR)

(a)to(d): A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) OF THE LOK SABHA STARRED QUESTION NO.*109 FOR ANSWER ON 02/05/2016 TABLED BY SHRI G. HARI AND SHRI M.K. RAGHAVAN, MEMBERS OF PARLIAMENT REGARDING PROMOTION OF STEEL INDUSTRY.

(a) The Indian steel industry is currently passing through a severe downturn. Globally, demand slowdown and overcapacity have resulted in major steel producing countries like China, Japan and Republic of Korea adopting predatory pricing strategy and dumping their products in India at prices often lower than their cost of production. Consequently, domestic producers have considerably reduced prices thus eroding their profit margin.

(b) Yes, Madam. Financial Performance of selected steel producers in the country during the last two Financial Years is given below:-
(Rs in crores)

Name of Steel Producer	2014-15	2015-16		
Full Year	Quarter 1	Quarter 2	Quarter 3	
SAIL	2092.68	-321.64	-1055.96	-1528.73
TATA Steel	6439.12	1248.61	2522.92	452.82
JSW	2166.48	30.75	241.00	-4142.22
RINL	62.38	-126.1	-309.02	-604.87
JSPL	-310.68	-267.28	-203.67	-402.12
Bhushan	-1257.1	-3584.68	-732.79	-697.15
Monnet	-795.88	-375.35	-394.71	-479.17
Tata Sponge	91.89	7.09	5.69	5.24
Tata Metallic	83.66	6.82	6.41	11.65

Source: ERU/JPC

(c) For reducing the stress in steel sector, RBI has extended 5:25 scheme in July 2015, whereby longer amortization period for loans to projects in infrastructure and core industries sectors, say 25 years, based on the economic life or concession period of the project, with periodic re-financing, say every 5 years, is allowed

(d) In order to protect the interests of country's steel industry, the Government has taken the following steps :

(i) To ensure that only quality steel is produced or imported, Government has notified Steel & Steel Products (Quality Control) Orders, 2012 dated 12.03.2012 and Steel & Steel Products (Quality Control) Orders, 2015 dated 15.12.2015.

(ii) To increase availability of Coal and Iron ore for the domestic steel industry:-

(a) Notified the Coal Mines (Special Provisions) Amendment Act, 2015 on 30.03.2015 to streamline coal block allocations.

(b) Notified the Mines and Minerals (Development and Regulation) Amendment Act, 2015 on 27.03.2015 to streamline grant of Mining Leases.

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(iii) The Union Budget 2015-16 had raised peak rate of basic customs duty on both flat and non-flat steel to 15% from 10%.

(iv) Hiked import duty on ingots & billets, alloy steel (flat & long), stainless steel (long) and non-alloy long products from 5 % to 7.5% and non-alloy and other alloy flat products from 7.5% to 10%. This was further revised in August, 2015 on flat steel from 10% to 12.5%, long steel from 7.5% to 10% and semi-finished steel from 7.5% to 10%.

(v) In November 2014, the import of rebars was ensured strictly as per Steel Product Quality Control Order 2012, to block influx of cheap imports of boron added rebars.

(vi) Imposed in June, 2015, an Anti-Dumping Duty for five years on imports of certain variety of hot-rolled flat products of stainless steel from China (\$ 309 per tonne), Korea (\$ 180 per tonne) and Malaysia (\$ 316 per tonne).

(vii) Imposed, Safeguard Duty of 20% in March 2016 on hot-rolled flat products of non-alloy and other alloy steel, in coils of width of 600 mm or more.

(viii) Imposed, vide its notification dated 05.02.2016, the Minimum Import Price (MIP) condition on 173 steel products. Imports of items covered under this notification will not be allowed into the country below the notified price.
